

Under Section 3, Chapter 3, of Public Law 191-2006 (House Enrolled Act 1006-2006), the State Board of Education is required to do the following:

*Not later than November 1 of each year, the state board, assisted by the office of management and budget and school corporation officials, shall submit a report to the state superintendent, the governor, and the general assembly concerning the following:*

- (1) Consolidated purchasing arrangements used by multiple school corporations, through educational services, and throughout Indiana.*
- (2) Shared services arrangements used by multiple school corporations, through educational service centers, and in the state as a whole.*
- (3) The efforts of school corporations to explore cooperatives, common management, or consolidations.*

*The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.*

This report pertains to consolidated purchasing arrangements, shared services arrangements, and efforts to explore cooperatives specific to Education Service Centers. Education Service Centers (ESCs) support local educational needs through educational planning on a cooperative basis and assist in meeting specific educational needs which can be more efficiently provided through economies of scale. Working in concert with the Indiana Department of Education (IDOE) and other agency partners, ESCs offer a nine region structure to provide services across the state. Membership in Education Service Centers includes 272 school corporations and charter schools, 36 non-public schools, and 2 state institutions.

All nine Education Service Centers were asked to respond to the above three items specific to their provided services only. The Education Service Centers provided a detailed itemization of each area along with calculations showing both the total value of the service provided as well as the total estimated savings of the service provided. Total estimated savings of the service provided averaged 33% for consolidated purchases and 100% for shared service arrangements.

Consolidated purchasing arrangements listed range from copy paper to bakery products to school bus purchases. The total regional value of services provided is slightly more than \$64M, with region by region total values ranging from \$1.1M to \$28.8M. The total regional estimated savings is \$18M, with region by region total estimated savings ranging from approximately \$300,000 to \$8M. The three total largest area of savings are seen in food services (\$8.5M), petroleum (\$4.2M), and copy paper (\$1.1M).

Shared service arrangements listed range from media services to discounted software to driver education. The total regional value of services provided is slightly more than \$7.9M, with region by region total values ranging from \$400,000 to \$1.3M. The total regional estimated savings is \$6.5M, with region by region total estimated savings ranging from approximately \$330,000 to \$1M. The three total largest area of savings are seen in media services (\$2.5M), professional development (\$1M), and community food (\$900,000).

Significant interest exists across the state for property/casualty insurance and natural gas explored/shared services. A complete listing of explored/shared services activities for the ECSs includes the following: wireless internet, natural gas, purchase of school buses, fuel, property/casualty insurance, substitute teachers, telecom audits, textbook purchase consortium, technology management solutions, emergency response grants, reading recovery, bakery, and commodity. Additionally, Region 4 has developed a textbook purchase consortium and a technology management solutions program.

Responses to the three questions follows as well as the survey that was sent out to the ECSs.

Consolidated Purchasing

	Region 1 Southern Indiana ESC	Region 2 Wilson ESC	Region 3 West Central ESC	Region 4 East Central ESC	Region 5 Wabash Valley ESC	Region 6 Northwest Indiana ESC	Region 7 Northern Indiana ESC	Region 8 ESC	Region 9 Central Indiana ESC	TOTAL BY CLASS OF SUPPLY OR SERVICE	Projected Percentage Saved by Class	Total Estimated Savings
Administrative Software												
Art Supplies	\$ 15,957	\$ 165,115	\$ 49,432	\$ 4,060	\$ 2,662	\$ 5,836	\$ 8,515	\$ 5,134		\$ 75,639	33%	\$ 24,961
Audio Visual	\$ 3,622	\$ 59,221	\$ 2,990	\$ 16,933	\$ 21,307		\$ 19,782	\$ 30,648		\$ 290,687	33%	\$ 95,927
Carpeting	\$ 11,601	\$ 53,218	\$ 94,870	\$ 40,473	\$ 44,228	\$ 3,064	\$ 32,815	\$ 19,194	\$ 99,705	\$ 263,733	33%	\$ 87,032
Cartridge/Toner/Ribbons	\$ 20,397	\$ 85,082	\$ 346	\$ 55,107	\$ 81,758	\$ 3,231	\$ 174,177	\$ 2,932		\$ 424,730	5%	\$ 21,237
Classroom Paper	\$ 19,023	\$ 1,596		\$ 13,455	\$ 325		\$ 13,373	\$ 30,895		\$ 286,958	33%	\$ 94,696
Copy Paper	\$ 249,206	\$ 526,147	\$ 119,899	\$ 443,917	\$ 301,034	\$ 84,438	\$ 1,744	\$ 43,309		\$ 163,890	33%	\$ 54,084
Custodial Supplies	\$ 59,218	\$ 88,703	\$ 3,006	\$ 63,714	\$ 46,726	\$ 510,860	\$ 233,240	\$ 309,091	\$ 711,903	\$ 3,405,297	33%	\$ 1,123,748
First Aid Supplies	\$ 687	\$ 1,706	\$ -	\$ 12,471	\$ 180	\$ 251,897	\$ 6,617	\$ 119,348	\$ 197,589	\$ 836,818	33%	\$ 276,150
Furniture				\$ 1,084		\$ 31	\$ 929	\$ 854		\$ 16,858	33%	\$ 5,563
Information Technology	\$ 178,892	\$ 43,438	\$ 584,940	\$ 886,695	\$ 165,767	\$ 967,689	\$ 48,559	\$ 502,172	\$ 1,126,657	\$ 1,176,300	33%	\$ 388,179
Lamps/Ballasts	\$ 8,820	\$ 8,169	\$ 2,062	\$ 5,517	\$ 4,707	\$ 55,797	\$ 174,779	\$ 16,807	\$ 3,340,332	\$ 6,844,704	10%	\$ 684,470
Library	\$ 1,190	\$ 16,293	\$ 141	\$ 1,939	\$ 3,750	\$ 3,695	\$ 6,024	\$ 7,431		\$ 101,879	33%	\$ 33,620
Office	\$ 38,675	\$ 98,176	\$ 24,918	\$ 95,786	\$ 40,258	\$ 15,233	\$ 57,664	\$ 81,847		\$ 40,463	33%	\$ 13,353
Roofing			\$ 89,466	\$ 124,805	\$ 37,516	\$ 1,889,626	\$ 1,542,807	\$ 3,597		\$ 452,557	33%	\$ 149,344
Online Vendors		\$ 104,317		\$ 168,369	\$ 35,096		\$ 234			\$ 3,687,817	15%	\$ 553,173
Miscellaneous	\$ 15,178	\$ 99,304	\$ 294	\$ 24,557	\$ 149,603		\$ 2,957	\$ 125,722		\$ 308,016	33%	\$ 101,645
Food Service	\$ 112,911		\$ 969,766	\$ 460,543	\$ 468,171	\$ 5,644,988	\$ 2,704,625	\$ 3,889,203	\$ 11,578,280	\$ 25,828,487	33%	\$ 8,523,401
Copy Machines	\$ 271,301			\$ -		\$ -	\$ 51,727			\$ 323,028	15%	\$ 48,454
Software	\$ 117,608		\$ 205,132			\$ 110,881		\$ 119,942		\$ 553,563	25%	\$ 138,391
Bakery Products						\$ 245,997	\$ 314,331			\$ 560,328	15%	\$ 84,049
Dairy Products						\$ 1,338,278	\$ 1,186,787	\$ 2,172,486		\$ 4,697,551	10%	\$ 469,755
Fire and Safety				\$ 148,990			\$ 77,044			\$ 226,034	10%	\$ 22,603
School Bus Purchases							\$ 1,323,059		\$ 6,336,158	\$ 7,659,217	5%	\$ 382,961
Waste Disposal							\$ 154,662		\$ 465,818	\$ 620,480	5%	\$ 31,024
Cell Phones					\$ 3,900		\$ 39,544			\$ 43,444	33%	\$ 14,337
Audiometer Calibration						\$ 2,660				\$ 2,660	33%	\$ 878
Licensing Agreements									\$ 337,556	\$ 337,556	100.00%	\$ 337,556
Petroleum									\$ 4,180,924	\$ 4,180,924	100.00%	\$ 4,180,924
AEPA									\$ 444,241	\$ 444,241		
	\$ 1,124,286	\$ 1,350,485	\$ 1,942,130	\$ 2,811,425	\$ 1,433,177	\$ 11,134,201	\$ 8,175,995	\$ 7,480,612	\$ 28,819,163	\$ 64,271,474		\$ 18,079,326

All values shown are as reported by the respective Education Service Center for the 2005-06 school year.

Region 9 - Central Indiana ESC

AEPA- A 22 state bid conducted through the Wilson Center.

Shared Services

	Region 1 Southern Indiana ESC	Region 2 Wilson ESC	Region 3 West Central ESC	Region 4 East Central ESC	Region 5 Wabash Valley ESC	Region 6 Northwest Indiana ESC	Region 7 Northern Indiana ESC	Region 8 ESC	Region 9 Central Indiana ESC	TOTAL VALUE OF SERVICE PROVIDED	Projected Percentage Saved by Service Provided	Total Estimated Savings
DNS Hosting	\$ 28,800	\$ 8,400	\$ 9,600	\$ 45,600	\$ 21,600	\$ 14,400	\$ 30,000	\$ 19,200		\$ 177,600	100%	\$ 177,600
Web Hosting	\$ 12,000			\$ 3,600	\$ 21,600	\$ 1,200	\$ 4,800	\$ 2,400		\$ 45,600	100%	\$ 45,600
AV repair	\$ 9,399	\$111,327	\$ 6,185	\$ 34,020	\$ 5,145	\$ 12,500	\$ 9,055	\$ 5,171		\$ 192,802	100%	\$ 192,802
Media Services	\$ 420,100	\$255,450	\$ 81,432	\$ 92,650	\$ 981,250	\$ 159,300	\$ 198,250	\$ 261,150	\$ 19,125	\$ 2,468,707	100%	\$ 2,468,707
Starlab	\$ 97,500	\$140,000	\$ 81,250	\$ 40,500	\$ 90,300	\$ 111,135	\$ 5,000	\$ 150,000	\$ 15,000	\$ 730,685	100%	\$ 730,685
Network Security					\$ 35,400		\$ 44,333			\$ 79,733	100%	\$ 79,733
Professional Development	\$ 145,375	\$ 92,250	\$ 25,350	\$ 123,525	\$ 121,740	\$ 231,639	\$ 91,463	\$ 122,175		\$ 953,517	100%	\$ 953,517
Insurance Trust	\$ 9	\$ 13	\$ 7	\$ 9	\$ 8	\$ 13	\$ 121,403	\$ 1		\$ 121,463	100%	\$ 121,463
Contracted Professional Development	\$ 10,896		\$ 1,800				\$ 28,700	\$ 2,750	\$ 282,225	\$ 338,084	100%	\$ 338,084
SIS Delivery	\$ 1,950	\$ 1,950	\$ 1,150	\$ 2,500	\$ 1,950	\$ 1,350	\$ 1,650	\$ 2,250		\$ 14,750	100%	\$ 14,750
Professional Meetings	\$ 14,850					\$ 22,800	\$ 5,250	\$ 3,700		\$ 46,600	100%	\$ 46,600
Professional Videos	\$ 12,600	\$ 3,300		\$ 2,200		\$ 3,900	\$ 12,900	\$ 3,100		\$ 38,000	100%	\$ 38,000
Career Information Network		\$ 32,400		\$ 36,000	\$ 15,010	\$ 6,300	\$ 18,191	\$ 36,000		\$ 143,901	100%	\$ 143,901
CDL Drug & Alcohol Testing				\$ -			\$ 7,900	\$ 43,150		\$ 51,050	100%	\$ 51,050
Instructional Resource Kits	\$ 700	\$ 7,850		\$ 3,000		\$ 15,370	\$ 14,925	\$ 500		\$ 42,345	100%	\$ 42,345
Substitute Teacher System								\$ 81,400	\$ 83,482	\$ 164,882	100%	\$ 164,882
Community Food	\$ 187,603					\$ 694,661				\$ 882,264	100%	\$ 882,264
Toner Cartridge Refill	\$ 24,334									\$ 24,334	15%	\$ 3,650
Data Collection	\$ 6,600									\$ 6,600	100%	\$ 6,600
eProcurement Savings				\$ 420,805				\$ 412,615		\$ 833,420		
ESL Consortium				\$ 12,500	\$ 10	\$ 15,780				\$ 15,780		
Survey Service					\$ 4					\$ 12,510		
Scanner Service										\$ 4		
IAESC Procurement Service		\$274,330								\$ 274,330		
Discounted Software		\$ 6,159								\$ 6,159	25%	
Data Storage Standards Reporting		\$ 1,375								\$ 1,375		
Network Consulting		\$ 35,520								\$ 35,520		
Para Professional Training	\$ 2,950									\$ 2,950		
Student Services Program			\$ 190,440							\$ 190,440		
Driver Education									\$ 132,450		100%	
PL Connect									\$ 7,821		100%	
IOA # of Students	\$ 975,666	\$970,324	\$ 397,214	\$ 816,909	\$ 1,305,730	\$ 1,290,348	\$ 593,820	\$ 1,145,562	\$ 557,113	\$ 7,895,405	100%	\$ 6,502,233

All values shown are as reported by the respective Education Service Center for the 2005-06 school year.

Notes:

#### **Region 1 - Southern Indiana ESC**

Commodity Food Purchase - A consortium of schools who work together and with the IDOE to purchase federal commodity foods in more efficient ways - greater choice, improved quality and cost savings are the main results.

Toner Cartridge Refill - Discounts are negotiated with a local vendor to be 15% under regular government pricing to refill toner (printer) and inkjet cartridges up to three times for savings from purchasing new.

Data Collection - Information and data collected from member schools to assist schools in comparing their costs of services from companies, such as health insurance costs by district, salaries, lunch prices, substitute wages, etc. While this is collected by other groups such as ISBA, ISTA, and IASBO, these data are items collected and compared only for our area and with specific purposes.

Para Professional Training - Para Professional Academy and training to meet the highly qualified requirements of NCLB, as well as serving as a testing site for identified tests to meet the highly qualified requirements for Para Professionals in NCLB.

#### **Region 5 - Wabash Valley ESC**

Instructional Resource Kits - Included in media

ESL Consortium - We write a Title III consortium grant for 18 districts at \$30K last year This year 22 districts at over \$60,000.

Insurance Trust - Our trust is under cost increase trends by about 8% a year but we cannot estimate savings because of plan design.

Survey Service - WVEC provides online survey design, gathering and analysis of data to an school in the state that is a member of an Educational Service Center.

eProcurement Savings - Included with question 2.

Discounted Software - We offer discounts on software of all sorts but do not track use.

Network Consulting -We do hours of network security consulting but do not track the time or compare our consulting with a commercial company.

Para Professional Training - Included with Professional Development.

#### **Region 6 - Northwest Indiana ESC**

ESL Consortium - We form an annual group of our member districts that qualify for Title III English Language Learner funds but who do not have enough student numbers to spend their allocation on their own. Typically, the group ranges from 8-10 districts. We pool their allocations, then determine what the group wants to do - staffing inservice, materials purchasing for a lending library, etc.

We used 100% factor to give them full value of their allocation.

#### **Region 9 - Central Indiana ESC**

IOA - The Indiana Online Academy is a program of high school courses for students that want extra credits, alternative to expulsion and homebound students.

PL Connect - Online professional development for teachers. Favorite courses are Poverty, Bullying, Differentiated Instruction.

Explored/Shared Services	Region 1 Southern Indiana ESC	Region 2 Wilson ESC	Region 3 West Central ESC	Region 4 East Central ESC	Region 5 Wabash Valley ESC	Region 6 Northwest Indiana ESC	Region 7 Northern Indiana ESC	Region 8 ESC	Region 9 Central Indiana ESC
Wireless Internet	Yes				Yes		Yes		Yes
Natural Gas			Yes	Yes	Yes		Yes*	Yes	
Purchase of School Buses					Yes	Yes	Already Do		
Fuel					Yes	Yes	Yes		
Property/Casualty Insurance	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes
Substitute Teachers					Yes			Yes	
Telecom Audits					Yes			Yes	
Textbook Purchase Consortium					Yes				
Technology Management Solutions				Yes	Yes				
Emergency Response Grant #2				Yes	Yes				
Reading Recovery						Yes			
Bakery								Yes	
Commodity									

All responses shown are as reported by the respective Education Service Center for the 2005-06 school year.

Notes:

#### Region 3 - West Central ESC

Property/Casualty Insurance - Currently 18 school corporations participate in the Insurance Trust program.

#### Region 4 - East Central ESC

Textbook Purchase Consortium - Several corporations are attempting to form a co-op to share textbooks between members when the need exists to rent from other members, rather than purchase enough books to cover a large class that may be coming through the school. At the present time, there are six corporations involved. They also try to share the transportation costs associated with the delivery of the books from the publisher.

Technology Management Solutions - The ESC is partnering with VARtek to assist school corporations that need assistance with their technology, basically our partnership takes responsibility for the equipment and staff development that the schools needs. Currently there are three school corporations involved with this project.

Education Service Centers Service Areas	Number of Corporations and Charter Schools Served	Number of Non-Public Schools Served	Number of State Institutions Served
Southern Indiana ESC - Region 1	33	6	
Wilson ESC - Region 2	28	11	
West Central Indiana ESC - Region 3	23		
East Central ESC - Region 4	47	1	2
Wabash Valley ESC - Region 5	37	2	
Northwest Indiana ESC - Region 6	23	4	
Northern Indiana ESC - Region 7	33		
Region 8 ESC	33	12	
Central Indiana ESC - Region 9	15		
	272	36	2

All values shown are as reported by the respective Education Service Center for the 2005-06 school year.

Section 3 of P.L. 191-2006, as passed by the 2006 Indiana General Assembly, contains the following purposes:

- To maximize the allocation and use of taxpayer provided resources by school corporations and schools for student instruction and learning;
- To confirm the authority of school corporations to use a variety of methods to reduce the cost of acquisition of products and services;
- To instruct the State Board (of Education) to oversee the consideration of statewide means to acquire products and services;
- To provide a means for school corporations to access technical assistance and other support in the consideration of means to increase the allocation of resources to student learning and achievement;
- To recognize school corporations that achieve effective allocation of resources to student learning and achievement.

The bill contains a listing of actions that school corporations may undertake individually, or in collaboration with other school corporations, and through Education Services Centers or other units of government to reduce non-instructional expenditures to permit allocation of the resulting savings to student instruction and learning. These actions are not limited to purchasing. The bill enumerates several actions with regard to purchasing to include: school buses and other vehicles and vehicle fleets; fuel, maintenance or other services for vehicles or vehicle fleets; food services; facility management services; transportation management services; textbooks, technology, and other school materials and supplies; and any other purchases a school corporation may require.

Actions undertaken may also include the use of shared:

- administrative services overseeing transportation, food service, facilities and other operations;
- administrative services to manage finance, payroll, human resources, information technology, purchasing, or other administrative services; and,
- shared resources to provide instruction, supplemental services, extracurricular activities, or other student services.

A school corporation may collaborate with continuous school corporations to explore the use of cooperatives among school corporations, commonly managed school corporations, or the consolidation of school corporations to provide effective and efficient management of the school corporations or functions of the school corporations. Such cooperatives may be in the form of existing Education Service Centers, or other cooperative efforts.

The bill further requires the Education Service Centers to report to the State Board of Education, not later than August 31 of each year, the results of the efforts of the centers activities relative to purchasing and cooperative agreements. Each Service Center is to report on behalf of their respective members.

The bill further requires the State Board of Education to survey annually school corporations to determine actions taken by each school corporation to allocate resources to student instruction and learning. The Board is to issue a report, not later than November 1 of each year, that concerns the following:

1. Consolidated purchasing arrangements used by multiple school corporations, through Education Service Centers, *and throughout Indiana*;

2. Shared services arrangements used by multiple school corporations, through Education Service Centers, *and in the state as a whole*;
3. The efforts of school corporations to explore cooperatives, common management, or consolidations.

To reiterate, the first report under this law is November 1, 2006, and is due November 1, thereafter.

To accomplish a thorough survey of the state it is necessary that the same questions be posed to Education Service Centers and school corporations and charter schools, to assess all efforts to save money. We believe that, for purchasing purposes, sometimes member school corporations of Education Service Centers use service center purchasing pricing and/or state Quantity Purchase Award (QPA) pricing as benchmarking for negotiating lower purchase prices for items. This perception may or may not be valid. Further, there may be collaborations already in place that school corporations should document in their reports that may not be generally known throughout the state. These are just two examples.

I encourage you to complete the survey via the web at the following address:

<http://mustang.doe.state.in.us/dg/finance/survey.cfm>

Please click on the option EDUCATION SERVICE CENTERS.

If the survey is mailed, please return to:

Dr. William L. Riley  
Fiscal Policy Analyst  
Indiana Department of Education  
Room 229 State House  
Indianapolis, IN 46204

Fax 317-232-0504

For web submission please use the following website:

<http://mustang.doe.state.in.us/dg/finance/survey.cfm>

P.L 191-2006 Survey for Education Service Centers

Service Center Name \_\_\_\_\_

Service Center Region \_\_\_\_\_

Name of person completing the survey \_\_\_\_\_

**THIS SURVEY IS SPECIFICALLY FOR PURCHASES AND OTHER SERVICE ACTIVITIES  
UNDERTAKEN BY AND THROUGH EDUCATION SERVICE CENTERS:**



1. During the past twelve months has your Education Service Center entered into consolidated purchasing arrangements on behalf of multiple school corporations or charter schools?

Yes \_\_\_\_\_

No \_\_\_\_\_

2. Please provide a listing of such consolidated purchasing arrangements to include the commodity or item purchased, volume (if known), participating school corporations or charter schools, and estimated savings realized.

3. During the past twelve months has your Service Center entered into any shared services arrangements on behalf of multiple school corporations or charter schools? Examples of such arrangements include, but are not limited to, purchase of school buses, vehicles, fuel, food service, technology or shared facility or bus maintenance, or transportation management services..

Yes \_\_\_\_\_

No \_\_\_\_\_

4. Please provide a listing of such shared services arrangements to include the kind of the shared service, the school corporations or charter schools involved, and estimated savings realized from this arrangement.

5. During the past twelve months has your Service Center explored cooperative purchasing, shared management services, or consolidations on behalf of school corporations or charter schools?

Yes \_\_\_\_\_

No \_\_\_\_\_

6. Please provide a listing of such activities pertaining to cooperative purchasing, shared management services, or consolidations to include the nature of the activity and the school corporations or charter schools involved.

Please respond to: Dr. William L. Riley  
Fiscal Policy Analyst  
Indiana Department of Education  
Room 229, State House  
Indianapolis, IN 46204

Fax: 217-232-0504 e-mail [wriley@doe.state.in.us](mailto:wriley@doe.state.in.us)